REMARKS

Claim 1, as amended, and new claims 50-69 are presented herewith for the Examiner's review and consideration. Applicants have amended claim 1 to recite additional and preferred system features. In addition, new claims 50-56 recite additional system features while new claims 57-69 are directed to method steps and elements that carry out the invention. Support for the amendment to claim 1 and for the new claims can be found at paragraphs 39-44, 48-49, 51, 54, 55, and 82-83, and elsewhere throughout the published specification and drawings such that no new matter has been added. Thus, the new claims should be entered at this time to further the prosecution of the application by placing the claims in condition for allowance.

The current claims have been written in a manner that makes them patentably distinct from the cited documents as well as to conform with 35 USC section 112.

As noted above, Claim 1 relates to a computer-implemented emissions reduction trading system for facilitating reducing greenhouse gas emissions, comprising a registry database that stores electronic accounts for participants that record emission allowances including exchange allowances (XA) and exchange offsets (XO) held by participants in a greenhouse gas emissions market, wherein each XA and XO representing standard amounts of greenhouse gas emissions, wherein a participant's account is credited or debited by adding emission allowances to or subtracting emission allowances from, respectively, that participant's account, a trading platform used by participants to exchange XAs and XOs, and a computer system communicatively coupled to the registry database and the trading platform. The computer system comprises computer instructions for performing actions including crediting to participants that generate greenhouse gas emissions (an emitting participant) a quantity of XAs representing a portion of a target amount of greenhouse gas emissions for a specified time period, determined as a baseline amount decreased by a reduction schedule; exchanging emission allowances so that each emitting participant's account holds a number of emission allowances representing a quantity of emissions that is at least equal to the amount of actual greenhouse gas emissions made by that participant for the specified time period; and receiving periodically information concerning the quantities of actual greenhouse gas emissions emitted or mitigated during a specified time period, with the quantity of emission allowances in an emitting participant's account being credited with a number of allowances representing the amount of greenhouse gas emissions mitigated by the activities conducted or directed by that participant, and the quantity of emission

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allowances being debited by an amount of allowances representing the amount of greenhouse gas emissions generated by the activities conducted or directed by that participant.

Method claim 55 covers implementation of the system and comprises performing by a computer-system a plurality of steps including crediting to emitting participants certain emission allowances representing a portion of a target amount of greenhouse gas emissions for a specified time period determined as a baseline amount decreased by a reduction schedule, crediting and debiting emitting participants by adding to and subtracting from, respectively, an amount of emission allowances held by the emitting participants in a registry database; receiving periodically activities information concerning actual greenhouse gas emissions by the emitting participants during the time period; exchanging for economic value emission allowances so that, subsequent to the exchange, no emitting participant has less emission allowances than that corresponding to the amounts of actual greenhouse gas emissions generated by the activities conducted or directed by that participant; and debiting from emitting participants allowances representing the actual amounts of greenhouse gas emitting generated by the activities conducted or directed by that participant.

Claim 1 was previously rejected over the combination of U.S. Publication No. 2002/0143693 to Soestbergen et al. ("Soestbergen") in view of U.S. Publication No. 2003/0229572 to Raines et al. ("Raines") for the reasons set for the in the Office Action.

Soestbergen discloses a method that directly links persons who buy an emission reduction with the system that created the reduction. The reduction is tagged and can be tracked though various changes in ownership. The tagging provides a level of accountability to a commodity which otherwise is abstract. The subject invention provides a global, online venue for the issuing of emission reduction credits (ERCs) to renewable energy systems for their reduction of the need for fossil fuel use. Soestbergen specifically describes an appreciation table that can be used to measure the value of greenhouse gas reductions (i.e., ERCs) based on a popular goal. Paragraph [0108] of Soestbergen relates to a method for using public opinion to determine the value (i.e., worth) of greenhouse gas reductions rather than a registry database, a trading platform communicatively coupled to the registry database and a computer system communicatively coupled to the registry database and the trading platform. Significantly, the appreciation table for determining the value of ERCs is not the same as a schedule for reductions of emissions for emitting participants.

Soestbergen is directed to carbon credits, but he indicates that upon submission of greenhouse gas emissions data, the decision to purchase emission reduction credits to offset or not is presented. Should users decided not to purchase offsets, they may store greenhouse gas events and its parameters in their account. Soestbergen, ¶ [0096]-[0098]. Soestbergen does not teach exchange allowances (XA) and exchange offsets (XO) as recited in the claims. Credits do not have the same characteristics as such allowances or offsets which are issued based on the reduction schedule and which are reduced in an emitting participant's account upon its adherence to the schedule while taking into account other emitting or mitigating actions.

Soestbergen also fails to teach or disclose a computer system that comprises computer instructions for performing actions including crediting periodically to each emitting participant a quantity of XAs representing a portion of a target amount of greenhouse gas emissions for a specified time period, as recited by claim 1. In contrast, Soestbergen (in particular ¶¶ 0108, 0109 and 0111) is directed to creating an appreciation table that is usable in setting the *value* of greenhouse gas reductions for a particular year, but this table and its use are different from claim 1 for at least two reasons.

First, Soestbergen's table is not used in allocating an emission allowance and offset holding at all. At most, Soestbergen describes issuance of ERCs (Soestbergen ¶ 0111), and the values of these greenhouse gas reductions/ERCs are based on the table (¶¶ 0108, 0109). But neither the quantity of ERCs issued nor the manner of issuing is, in any way, based on the appreciation table or any other table of quantities of ERCs.

Second, Soestbergen's table is not established for an emitting participant. Rather, the table is used to establish a global value of the greenhouse gas reductions/ERC for all persons or companies using Soestbergen's system. Thus, Soestbergen does not disclose or teach the features recited in claim 1 such that Raines is cited to remedy the deficiencies of Soestbergen.

Raines discloses a system and method for quantifying residential emissions reductions. In particular, the system and method may comprise the steps of: measuring an energy savings resulting from an energy savings opportunity in a residential property, calculating an emissions reduction resulting from the energy savings, aggregating a plurality of emissions reductions into a tradable commodity, monitoring the residential energy savings opportunities, monitoring the quantification of the emissions reduction, and verifying the quantification of the emissions reduction. The system includes means for conducting each of these steps.

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Like Soestbergen, Raines also fails to teach or disclose the creation or use of exchange allowances (XA) and exchange offsets (XO) as recited in the claims, nor does he teach or disclose a computer system that comprises computer instructions for performing actions including crediting periodically to each emitting participant a quantity of XAs representing a portion of a target amount of greenhouse gas emissions for a specified time period, as recited by claim 1. Thus, the combination of Raines and Soestbergen does not result in the presently claimed invention and the rejection of claim 1 should be withdrawn.

The dependent system claims recite features that are further distinct from Soestbergen and/or Raines. The present method claims recite the crediting and debiting of emission allowances and emission offsets of the emitting participants by adding to and subtracting from, respectively, an amount of emission allowances held by the emitting participants in a registry database so that, subsequent to the exchange, no emitting participant has less emission allowances than that corresponding to the amounts of actual greenhouse gas emissions generated by the activities directed by that emitting participant. Thus, system claims 50-54 and method claims 55-69 are patentable over the combination of Soestbergen and Raines or over either reference considered individually.

The other cited references, such as Sharp et al. (US Publication No. 2002/0111892), the *Acid Rain Program: Allowance Auction and Electronic Allowance Transfer*, June 6, 1996, Federal Register, Vol. 61 No. 110, pages 28,995-98, or Tuck et al. (U.S. Patent No. 6,115,698), do not remedy the deficiencies of Soestbergen and Raines as to the features recited in the present claims, so that the claims are patentable over any possible combinations of these references.

In view of the above, it is respectfully submitted that all rejections based on claim 1 have been overcome and that no such rejections are applicable to claims 50-69. Accordingly, the entire application is now in condition for allowance, early notice of which would be appreciated.

Respectfully submitted,

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